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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC IMMEDIATE 6334

INFO EC COLLECTIVE

AMEMBASSY TOKYO

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E.O.: 11652: N/A

TAGS: EEC, ECON, ECIN, EIND, EFIN, ETRD, ENRG

SUBJ: EUROPEAN COUNCIL, APRIL 7-8, 1978: EC COMMISSION AND
MEMBER STATE VIEWS ON ECONOMIC AND SOCIAL SITUATION

REFS: (A) COPENHAGEN 2337; (B) COPENHAGEN 2345

1. SUMMARY: DISCUSSION ON THE ECONOMIC AND SOCIAL SITUATION
CONSTITUTED THE CENTERPIECE OF THE APRIL 7-8 EUROPEAN COUNCIL
MEETING IN COPENHAGEN. DETAILS OF THAT DISCUSSION, AS PRO-
VIDED IN DANISH PRESIDENCY BRIEFING FOR EMBASSY, HAVE BEEN
REPORTED REF (A). THE DANISH PRESIDENCY'S WRITTEN CONCLUSIONS
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ON THE SUMMIT DISCUSSIONS OF ECONOMIC AND SOCIAL ISSUES WAS
REPORTED REF (B). THIS TELEGRAM COVERS BACKGROUND PRESS
BRIEFINGS BY SUMMIT PARTICIPANTS AND BY EC COMMISSION SPOKESMEN.
THESE BRIEFINGS REINFORCE IMPRESSION THAT THE HEADS OF GOVERNMENT
DID DISCUSS NEW PROPOSALS IN THE MONETARY SECTOR, WHICH HAVE
BEEN KEPT UNDER SEAL OF SECRECY. SEVERAL MEMBER STATE DELEGATION
OFFICIALS DID, HOWEVER, TELL REPORTERS ATTENDING THE SUMMIT THAT

THE COMMISSION, AND PERHAPS FRANCE AND GERMANY AS WELL, CAME UP WITH NEW MONETARY ACTION IDEAS WHICH WILL NOW BE STUDIED PRIOR TO BEING TAKEN UP AGAIN BY THE JULY 6-7 EUROPEAN COUNCIL MEETING IN BREMEN. END SUMMARY.

2. EC COMMISSION VIEWS: COMMISSION PRESIDENT JENKINS SUBMITTED TO THE EUROPEAN COUNCIL A MEMORANDUM OUTLINING THE COMMISSION'S VIEW ON THE CURRENT ECONOMIC AND MONETARY SITUATION. THE MEMORANDUM, WHICH WAS DISTRIBUTED TO THE PRESS BY COMMISSION SPOKESMEN, CALLED FOR THE COPENHAGEN SUMMIT TO PROVIDE DIRECTION TO THE COMMISSION AND THE RELEVANT EC COUNCILS TO PREPARE FIRM AND DETAILED PROPOSALS FOR ENDORSEMENT AT THE BREMEN EUROPEAN COUNCIL, SO THAT THE COMMUNITY CAN PRESENT A "COMMON AND POWERFUL FRONT" AT THE BONN WESTERN ECONOMIC SUMMIT AND, IF NOT HELP STEER THAT SECOND MEETING TOWARDS A CONSTRUCTIVE OUTCOME, AT LEAST DEVELOP A COMMON EC ACTION PROGRAM. THE MEMORANDUM (FULL TEXT BEING TRANSMITTED SEPTTEL) CALLS FOR EC ACTION BASED ON THE FOLLOWING PREMISES:

(A) THE AVERAGE EC GROWTH RATE REMAINS SLUGGISH -- WELL SHORT OF THE TARGET FOR THIS YEAR, AND BEHIND THE OTHER MAIN INDUSTRIAL UNITS IN THE WORLD.

(B) THE INTERNATIONAL MONETARY SYSTEM IS IN CHAOS; BUT ONE FEATURE OF BRETTON WOODS DOES REMAIN: THE MONETARY PREDOMINANCE OF THE DOLLAR, WHICH REMAINS THE ONLY EFFECTIVE MEDIUM OF INTERNATIONAL EXCHANGE AND WHICH GREATLY AFFECTS INTRA-EC MONETARY LIMITED OFFICIAL USE

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RELATIONSHIPS AND THE EC'S WORLD TRADING POSITION. THE EC MIGHT RESPOND TO THE CURRENT MONETARY CRISIS THROUGH SUCH MEANS AS DEVELOPING NEW DIMENSIONS TO THE USE OF THE EUROPEAN UNIT OF ACCOUNT (EUA), WHICH MIGHT: (1) SERVE AS A POINT OF REFERENCE AND UNIT OF ACCOUNT FOR CREDIT AND SETTLEMENT IN INTERNAL EC EXCHANGE RATE RELATIONSHIPS; (2) PLAY A GREATER ROLE IN TRANSACTIONS BETWEEN PUBLIC OPERATIONS AND IN PRIVATE EURO-CURRENCY MARKET OPERATIONS, THEREBY COMPLEMENTING SNAKE/NON-SNAKE CURRENCY RELATIONSHIPS; OR (3) BE USED IN CERTAIN EC BORROWING AND LENDING OPERATIONS.

(C) THE COMMUNITY FACES ACUTE PROBLEMS IN RELATION TO THE ISSUE OF INTERNATIONAL DIVISION OF LABOR, ESPECIALLY IN VIEW OF ITS HEAVY DEPENDENCE UPON EXTERNAL TRADE AND ITS COMPETITIVE VULNERABILITY VIS-A-VIS NOT ONLY JAPAN BUT ALSO THE "INDUSTRIALIZED POCKETS" IN THE DEVELOPING WORLD. THE EC SHOULD THEREFORE AIM HARD AT A SUCCESSFUL RESULT TO THE MTN.

(D) COMMUNITY DEPENDENCE ON OVERSEAS ENERGY, PARTICULARLY PETROLEUM, REMAINS DISTURBINGLY HIGH. ENERGY SAVING, THE

DEVELOPMENT OF EXISTING INTERNAL SOURCES, AND THE PURSUIT OF UNCONVENTIONAL ENERGY SOURCES ARE ALL MAJOR PRIORITIES.

(E) COMMUNITY ENLARGEMENT WILL BE A WEAKENING FACTOR UNLESS

THE EC DEVELOPS, IN ADVANCE, GREATER INTERNAL ECONOMIC AND INSTITUTIONAL COHERENCE.

3. A COMMISSION SPOKESMAN (BETHAM) ELABORATED SOMEWHAT ON JENKINS' MONETARY PROPOSALS. HE SAID THAT JENKINS SPOKE TO THE SUMMIT ON TWO ASPECTS OF A POSSIBLE GREATER ROLE FOR THE EUA: BOTH INTERNAL AND EXTERNAL. HE IMPLIED THAT JENKINS FORESEES SOME SORT OF INTERNAL SDR ROLE FOR THE EUA WITHIN THE COMMUNITY AND SAID THAT, TO THIS END, THE EUA MIGHT BE BACKED BY A KIND OF STABILIZATION FUND. HE SAID THAT, IF JENKINS EUA PROPOSALS WERE FULLY DEVELOPED, THERE WOULD APPEAR TO BE NO REASON WHY NON-MEMBER STATES COULD NOT HOLD EUA.

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4. GERMANY: CHANCELLOR SCHMIDT TOLD REPORTERS HE WAS "ASTONISHED" AT THE INSISTENCE BY "SOME" MEMBER STATES ON A 4.5 PERCENT GROWTH RATE TARGET FOR MIE 1979, WHICH HE SAID WILL BE VERY DIFFICULT FOR THE EC TO ATTAIN. HE SAID THESE (UNSPECIFIED) STATES WERE NOT BEING REALISTIC IN VIEW OF THEIR OWN POOR ECONOMIC SITUATIONS. HE ADDED THAT THERE WERE NO CONCLUSIONS AS TO

HOW THE 4.5 PERCENT GOAL SHOULD BE REACHED.

5. SCHMIDT SAID ALL MEMBER STATES AGREED THAT THE CURRENT CRISIS IS NOT JUST CYCLICAL BUT STRUCTURAL AND THAT THE STRUCTURAL PROBLEMS NOW FACED WILL BE AROUND FOR TEN TO TWENTY YEARS. HE SAID THAT THE CRISIS IS PARTLY DUE TO INCREASED LDC EXPORTS RESULTING LIMITED OFFICIAL USE

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FROM INDUSTRIALIZATION OF THE DEVELOPING WORLD.

6. SCHMIDT SAID THERE WAS GENERAL AGREEMENT AMONG THE EUROPEAN COUNCIL PARTICIPANTS AS TO THE UNDESIRABLE CONSEQUENCES OF MONETARY INSTABILITY. HE SAID THAT MONETARY PROBLEMS HAD BEEN THE CENTRAL THEME OF HIS RECENT BILATERALS WITH WORLD LEADERS AND REMARKED THAT HE HAS THE IMPRESSION PRESIDENT CARTER IS HIMSELF INTERESTED IN BETTER MONETARY STABILITY AND IN GREATER CONTINUITY IN U.S. MONETARY POLICY. SCHMIDT CAUTIONED THAT DISCUSSIONS IN THE MONETARY FIELD WILL TAKE SEVERAL MONTHS AND THAT THE PUBLIC SHOULD NOT EXPECT QUICK RESULTS. AT MOST, HE SAID, SOME FIRST ELEMENTS OF A SOLUTION MIGHT COME AT THE BONN ECONOMIC SUMMIT IN JULY.

7. SCHMIDT RECALLED THAT PRESIDENT CARTER IS TO ANNOUNCE NEW ANTI-INFLATION MEASURES DURING THE COMING WEEK, AND HE COMMENTED, IN THIS REGARD, THAT THE PRESIDENT'S AUTHORITY TO TAKE MEASURES ON HIS OWN TO LIMIT OIL IMPORTS IS USUALLY UNDERESTIMATED. HE CONCLUDED THAT IT IS UP TO THE U.S. TO TRY TO SOLVE THESE PROBLEMS, INCLUDING THE DOLLAR CRISIS, AND THAT HE WOULD WAIT TO SEE WHAT HAPPENS NEXT WEEK. HE EXPRESSED HOPE THAT THE U.S. MIGHT TAKE DECISIONS RELIEVING SOME OF THE CURRENT PRESSURE ON THE MONEY MARKET. HE INSISTED THAT THE DOLLAR DECLINE SHOULD NOT BE SEEN ONLY IN A SWISS/GERMAN PERSPECTIVE BUT RATHER IN A WIDER CONTEXT, REQUIRING DIFFERENT APPROACHES IN DIFFERENT AREAS. HE SAID THAT THE RECENT SWAP INCREASE AGREEMENT WITH THE U.S. WILL JUST GAIN TIME AND THAT LONG-TERM SOLUTIONS STILL HAVE TO BE SOUGHT. HE SAID THERE MIGHT BE SOME CONCLUSIONS ON MONETARY MATTERS AT THE EUROPEAN COUNCIL MEETING IN BREMEN AND THAT, IN THE MEANTIME, IT WILL BE IMPORTANT TO CONTINUE CONSULTATIONS.

8. SCHMIDT WAS GUARDED IN HIS COMMENTS ON THE SUBSTANCE OF EUROPEAN COUNCIL DISCUSSION ON MONETARY MATTERS, SAYING ONLY LIMITED OFFICIAL USE

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THAT "NEW IDEAS" WERE PRESENTED AND THAT IT WOULD BE PREMATURE TO TALK ABOUT THEM NOW. HE DID SAY THAT JENKINS' MONETARY PROPOSALS HAD SOME POSITIVE ELEMENTS BUT INSISTED THAT THEY HAD

NOT BEEN SUFFICIENTLY PREPARED OR ELABORATED. HE ALSO INSISTED THAT THE QUESTION OF ENLARGEMENT OF THE SNAKE WAS NOT THE MAIN ITEM DISCUSSED BY THE HEADS OF GOVERNMENT.

9. ALLUDING TO HIS RAMBOUILLET MEETING WITH GISCARD THE PREVIOUS WEEKEND, SCHMIDT SAID FRANCE AND GERMANY SHARE A LARGE MEASURE OF AGREEMENT ON THE MAIN ISSUES IN THE MONETARY SECTOR. IN RESPONSE TO QUESTIONING, HE SAID THAT FRENCH REENTRY INTO THE SNAKE, IF IT WERE TO OCCUR, WOULD NOT SOLVE BASIC PROBLEMS OF EC MONETARY INSTABILITY AND THAT IT WOULD BE ONLY A MINIMAL SOLUTION. HE INSISTED SUCH A MOVE WOULD NEVERTHELESS BE TO FRENCH ADVANTAGE AND SAID THAT FRANCE IS NOW IN BETTER SHAPE TO TAKE THE RISK OF REENTRY.

10. SCHMIDT ALSO SAID, ON THE INTERNAL EC ECONOMIC FRONT, THAT THE ITALIANS INSISTED IN THE EUROPEAN COUNCIL MEETING THAT A DECISION ON MEDITERRANEAN AGRICULTURAL POLICY BE TAKEN BY THE EC COUNCIL OF MINISTERS BEFORE THE END OF APRIL, OR THE GOI MIGHT BLOCK AGREEMENT ON THE EC AGRICULTURAL PRICE PACKAGE. SCHMIDT SAID THAT THIS DEADLINE WAS TOO SHORT (SCHEDULED FOR DEBATE BY THE AGRICULTURAL COUNCIL APRIL 24-26) AND WAS NOT REASONABLE.

11. SCHMIDT CONCLUDED WITH AN ASSESSMENT OF THE GERMAN ECONOMIC SITUATION, INSISTING THAT THERE IS NO NEED FOR NEW FRG ECONOMIC MEASURES. REFERRING TO THE PUBLIC SPENDING PACKAGE INTRODUCED BY HIS GOVERNMENT IN JANUARY, HE ASSERTED THAT NO OTHER MEMBER STATE HAS DONE AS MUCH IN THE PUBLIC SPENDING AREA. HE SAID THAT, IN ANY CASE, HE DOES NOT FEEL UNDER MUCH PRESSURE FROM THE OTHER MEMBER STATES TO ADOPT NEW MEASURES.

12. FRANCE: PRESIDENT GISCARD D'ESTAING TOLD REPORTERS THAT "THE TIME HAS COME TO SHOW IMAGINATION AND ORGANIZATION" ON THE ECONOMIC AND MONETARY SITUATION. HE DESCRIBED THE BASIC PROBLEM FOR LIMITED OFFICIAL USE

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THE COMMUNITY AS ONE OF RECONCILING GROWTH AND STABILITY. SOME MEMBER STATES, HE SAID, HAVE GROWTH WITHOUT STABILITY, WHILE, FOR OTHERS, THE REVERSE HOLDS TRUE. HE CALLED FOR SIMULTANEOUS EC ACTION ON THE ECONOMIC POLICY AND MONETARY FRONTS, TO BE FOLLOWED UP BY ACTION ON THE INTERNATIONAL LEVEL.

13. GISCARD POINTED OUT TO REPORTERS THAT THE 1977-78 GROWTH RATE IN THE "EUROPEAN ZONE" WAS LESS THAN HALF THAT FOR THE U.S. AND JAPAN. HE ASSERTED THAT EUROPE HAS SPECIFIC PROBLEMS REQUIRING SPECIFIC SOLUTIONS, ADDING THAT AT LEAST ONE OF THE REASONS UNDERLYING LOW EUROPEAN GROWTH IS INTERNAL MONETARY INSTABILITY, A PROBLEM WHICH DOES NOT EXIST FOR THE U.S. AND JAPAN. GISCARD INSISTED THAT THE SUMMIT HAD TAKEN NO SPECIFIC DECISIONS IN THE MONETARY SECTOR BUT THAT THE ONLY OBJECT OF DISCUSSION HAD BEEN TO PREPARE GROUND -- THROUGH APPROPRIATE GUIDELINES -- FOR THE COM-

PETENT EC INSTITUTIONS TO DEVELOP PROPOSALS FOR THE BREMEN EUROPEAN COUNCIL MEETING, WHICH MIGHT BE CARRIED OVER TO THE WESTERN ECONOMIC SUMMIT IN BONN. HE SAID THAT "CIRCUMSTANCES ARE FAVORABLE" FOR DEVELOPMENT OF CONCLUSIONS AT THOSE TWO MEETINGS. HE EMPHASIZED, HOWEVER, THAT THE EUROPEAN COUNCIL DISCUSSION DID NOT FOCUS ON A WORLD-WIDE SOLUTION FOR MONETARY PROBLEMS BUT THAT THE IMMEDIATE AIM IS TO DEVELOP MEASURES TO BRING ABOUT MONETARY STABILITY WITHIN THE COMMUNITY.

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14. QUESTIONED ON SUMMIT'S 4.5 PERCENT GROWTH TARGET FOR JULY 1978-JUNE 1979, GISCARD ACKNOWLEDGED THAT GROWTH RATES CANNOT SIMPLY BE DECREED, BUT THAT THE COMMUNITY WOULD HAVE TO WORK TO ATTAIN THIS OBJECTIVE. HE DREW ATTENTION, IN THIS CONTEXT, TO THE LINK BETWEEN GROWTH AND UNEMPLOYMENT AND POINTED OUT THAT A 4.5 PERCENT RATE WOULD BE THE MINIMUM NECESSARY TO BEGIN REDUCING UNEMPLOYMENT IN THE COMMUNITY.

15. UNITED KINGDOM: PRIME MINISTER CALLAGHAN TOLD REPORTERS THAT THE HEADS OF GOVERNMENT AGREED THE PRESENT ECONOMIC PROBLEMS FACING THE COMMUNITY ARE NOT CYCLICAL BUT STRUCTURAL IN NATURE.

HE SAID THERE HAD BEEN AGREEMENT ON THE NEED TO DEVELOP A COMMON STRATEGY OVER THE NEXT FEW MONTHS, AND HE RECALLED, IN THIS REGARD, HIS RECENT CONTACTS WITH GISCARD, SCHMIDT, AND PRESIDENT LIMITED OFFICIAL USE

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CARTER, WHICH HE SAID FOCUSED UPON MONETARY POLICY, ECONOMIC GROWTH, ENERGY PROBLEMS, THE MTN, AND LONG-TERM CAPITAL FLOWS, INCLUDING TO THE DEVELOPING WORLD. HE SAID THAT EC MEMBER STATE ACTIONS BETWEEN NOW AND JULY HAVE TO BE TAKEN IN THE CONTEXT OF THE GENERAL ECONOMIC SITUATION SO AS NOT TO IMPEDE OVERALL RECOVER, AND HE ADDED THAT THE COPENHAGEN SUMMIT HAD PROVIDED POLITICAL IMPETUS TO THE COMPETENT EC BODIES SO THAT DECISIONS ON A PACKAGE OF ACTIONS MIGHT BE TAKEN IN JULY.

16. CALLAGHAN INSISTED THAT EHT HEADS OF GOVERNMENT DID NOT DEVELOP SPECIFIC GUIDELINES ON EC MONETARY POLICY COORDINATION, ADDING THAT THEY ARE NOT YET SURE WHETHER IT WILL BE POSSIBLE TO GET SUCH GUIDELINES. HE SAID THAT MONETARY SECTOR ACTIONS WILL BE SUBJECT OF CONTINUING ANALYSIS AND THAT THE COMMUNITY MIGHT BE READY TO TAKE ACTION ON MONETARY MATTERS IF THIS COULD BE DONE AS PART OF A PACKAGE. HE SAID THERE IS GENERAL RECOGNITION WITHIN THE EC THAT THE US AND JAPAN WILL HAVE TO BE BROUGHT INTO A GENERAL APPROACH BEFORE THE BONN ECONOMIC SUMMIT. ALTHOUGH HE SAID IT IS "FAR TOO EARLY TO SAY IF EUROPE COULD BE A ZONE OF MONETARY STABILITY", HE DID ADD THAT HE "WOULD BE VERY DISAPPOINTED IF WE CANNOT SAY MORE IN JULY".

17. CALLAGHAN EMPHASIZED THAT THE NEED FOR COLLECTIVE ACTION HAD BEEN ACCEPTED BY THE EUROPEAN COUNCIL BUT THAT NO REMEDIES HAD BEEN WORKED OUT. HE POINTED OUT THAT US ACTION, POSSIBLY INCLUDING ENERGY SECTOR ACTION, TO REDUCE MONETARY DISTURBANCES WOULD ENABLE OTHERS TO TAKE SIMILAR MEASURES. HE ALSO WARNED THAT A COMMON ECONOMIC AND MONETARY STRATEGY WOULD BE IMPOSSIBLE WITHOUT US ACTION ON THE DOLLAR OR GERMAN ACTION ON GROWTH. HE INSISTED, HOWEVER, THAT SCHMIDT HAS NEVER SAID HE IS AGAINST GROWTH, JUST THAT HE IS SKEPTICAL AS TO HOW TO ATTAIN IT.

18. CALLAGHAN CONCLUDED HIS REMARKS ON MONETARY QUESTIONS BY LIMITED OFFICIAL USE

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SAYING: "I FEEL VERY DEEPLY THAT THW ROLD HAS BEEN CAST ADRIFT SINCE WE LOST OUR GUIDELINES" (BRETTON WOODS) AND "IT IS OUR RESPONSIBILITY TO AT LEAST LOOK AS IF WE ARE TAKING CONTROL". HE ALSO EMPHASIZED HIS VIEWS THAT SDR'S HAVE A SPECIAL AND MAJOR ROLE TO PLAY IN WORLD MONETARY POLICY, AND HE TERMED "VERY USEFUL" THE US DECISION TO ACTIVATE AND USE ITS SDR. HE OBSERVED THAT

"A RESERVE CURRENCY WITHOUT A STORE OF VALUE IS A HEAVY BURDEN TO BEAR" AND SAID THERE IS A NEED TO "GET AWAY" FROM THAT SITUATION.

19. CALLAGHAN ALSO EMPHASIZED THE PROBLEMS OF COMPETITION NOW ARISING FROM TRANSFER OF TECHNOLOGY TO THE DEVELOPING WORLD. INSISTING THAT "THERE IS A REAL PROBLEM TO BE SOLVED HERE", HE SAID THAT "SOME OF US MAY HAVE TO TAKE PROTECTIONIST MEASURES", ALTHOUGH HE OBSERVED THAT "NOBODY PRETENDS THAT WOULD BE A GOOD REMEDY". HE ACKNOWLEDGED THE POLITICAL CONSEQUENCES AND THE POTENTIAL FOR "UNACCEPTABLE CONFRONTATION" WHICH WOULD BE INHERENT IN A DECISION NOT TO EXPORT TECHNOLOGY, BUT HE NOTED THAT SUCH TRANSFER DOES POSE PROBLEMS FOR WESTERN INDUSTRIES, PARTICULARLY ON PRICES, AND HE REMARKED THAT THESE PROBLEMS WOULD REMAIN THROUGH THE 1980S.

20. IN RESPONSE TO QUESTIONS, CALLAGHAN SAID THAT THE HEADS OF GOVERNMENT AGREED THERE SHOULD BE FURTHER STUDY OF A PERMANENT EMPLOYMENT COMMITTEE WORK-SHARING PROPOSAL (BASED ON LOWER RETIREMENT AGES AND SHORTER WORK DAYS AND WEEKS), THOUGH HE SAID THIS WAS NOT NOW BEING VIEWED AS AN ECONOMIC REMEDY AS SUCH; AND HE SAID THE HEADS OF GOVERNMENT DISCUSSED INDUSTRIAL RESTRUCTURING, AGREEING THAT THE PROBLEMS OF HIGH UNEMPLOYMENT IN DISTRESSED INDUSTRIES ARE TO BE FOUND THROUGHOUT THE COMMUNITY.

21. ITALY: PRIME MINISTER ANDREOTTI'S COMMENTS TO THE PRESS ON THE ECONOMIC AND SOCIAL SITUATION LARGELY REFLECTED THE TONE AND CONTENT OF THE DANISH PRESIDENCY'S PUBLISHED CONCLUSIONS (REFTEL). ANDREOTTI DID SAY HE HAD EMPHASIZED TO HIS COLLEAGUES THE NEED FOR NEW POLICIES IN THE ECONOMIC AND MONETARY SECTIONS TO REFLECT LIMITED OFFICIAL USE

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THE SPECIAL PROBLEMS OF MEDITERRANEAN AGRICULTURE. ACCORDING TO AN IRISH DELEGATION OFFICIAL, ANDREOTTI EXPRESSED SOME SKEPTICISM, DURING THE MEETING, AS TO THE PROSPECTS THAT THE EC MIGHT BE ABLE TO TAKE EFFECTIVE ACTION TO BRING ABOUT EXCHANGE RATE STABILITY.

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22. DENMARK: ALTHOUGH THE DANES CAREFULLY PRESERVED PRESIDENTIAL NEUTRALITY IN REMARKS TO THE PRESS, PRIME MINISTER JORGENSEN DID OFFER TWO COMMENTS AT HIS PRE-SUMMIT PRESS CONFERENCE ON APRIL 5, HE SAID THAT, ALTHOUGH THERE WERE NO EXACT PROPOSALS FOR AN EXPANDED SNAKE, DENMARK WOULD BE IN FAVOR OF SUCH ACTION; AND HE INDICATED THAT THERE WOULD BE DISCUSSION OF THE DOLLAR PROBLEM, ADDING THAT "THERE IS A PLAN ON THE DOLLAR, BUT WE DHAVE TO DISCUSS IT, AND I CAN'T SAY MORE".

23. BELGIUM: PRIME MINISTER TINDEMANS TOLD REPORTERS THAT HE HAD COME TO THE MEETING PREPARED TO TABLE HIS OWN PROPOSALS FOR MONETARY ACTIOS CUT THAT HE DID NOT DO SO BECAUSE OTHER NEW IDEAS WERE LIMITED OFFICIAL USE

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PRESENTED FIRST. HE SAID THAT THE HEADS OF GOVERNMENT HAD DISCUSSED "A BIGGER ANIMAL THAN THE SNAKE", OF A DIFFERENT NATURE, AND POSSIBLY EXTENDING BEYOND THE COMMUNITY. HE ALSO COMMENTED ON AN APPARENT SHIFT IN EMPHSISS BY THE GERMANS, WHO, HE SAID, NOW SEEM WILLING TO ATTACK MONETARY PROBLEMS BEFORE OTHER ECONOMIC PROBLEMS. TINDEMANS WAS CRITICIZED BY FRENCH SPOKESMAN THE MORNING AFTER HIS PRESS CONFERENCE FOR HAVING SAID EVEN THIS MUCH ABOUT THE DISCUSSION ON MONETARY QUESTIONS BY THE HEADS OF GOVERNMENT.

24. NETHERLANDS: PRIME MINISTER VAN AGT TOLD REPORTERS THAT MOST OF THE TALKING ON ECONOMIC AND MONETARY QUESTIONS WAS BY SCHMIDT AND GISCARD. VAN AGT ALSO SAID THAT, IN BIS OWN VIEW, THE EUROPEAN UNIT OF ACCOUNT COULD PLAY AN IMPORTANT ROLE IN ANY NEW

MONETARY ACTIONS BY THE COMMUNITY.

25. IRELAND: AT HIS PRESS CONFERENCE, PRIME MINISTER LYNCH CHARACTERIZED THE MAIN PURPOSE OF THE MEETING AS PREPARATION FOR THE BREMEAN AND BONN SUMMITS IN JULY. HE SAID THERE HAD BEEN NO SPECIFIC PROPOSALS BY ANY OF THE HEADS OF GOVERNMENT, ALTHOUGH THERE HAD BEEN SOME DISCUSSION OF SNAKE AND NON-SNAKE CURRENCIES AND "CERTAIN" DIFFERENT IDEAS WERE PUT FORWARD. HE SAID THE DISCUSSION OF MONETARY QUESTIONS WAS A DELICATE MATTER AND THAT THE EUROPEAN COUNCIL PARTICIPANTS HAD AGREED AMONG THEMSELVES TO PRESERVE THE CONFIDENTIALITY OF THEIR EXCHANGE OF VIEWS. IN RESPONSE TO QUESTIONS ON THE COMMISSION'S PROPOSALS CONCERNING THE EUROPEAN UNIT OF ACCOUNT, HE SAID THAT THE EUA COULD "HELP OVERCOME DISPARITIES WHICH NOW OBTAIN" BUT THAT IRELAND REMAINS A STERLING COUNTRY AND WILL NECESSARILY HAVE TO FOLLOW THE UK LEAD ON THIS MATTER. HE SAID THAT IF THERE WERE A SOLID EUROPEAN CURRENCY, ONE OF THE AIMS OF EC ECONOMIC AND MONETARY UNION, THIS WOULD HELP REDUCE SPECULATION.

26 LYNCH SAID THAT EC STRUCTURAL PROBLEMS WERE DISCUSSED AT LIMITED OFFICIAL USE

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GREAT LENGTH BUT THAT THERE HAD BEEN NO CONSENSUS. HE SAID THAT TWO ALTERNATE COURSES OF CACTION SEEM TO BE POSSIBLE: (1) SHIFTING TO PRODUCTS IN WHICH EC INDUSTRIES COULD BETTER COMPETE ON WORLD MARKETS OR (2) STRENGTHENING TRADITIONAL EC INDUSTRIES. HE ASSERTED THAT THERE WAS AGREEMENT THAT SOME LDC INDUSTRIES NOW POSE A COMPETITIVE THREAT, AT LEAST IN TERMS OF PRICES.

27 LYNCH SAID HE HAD, WITH ITALIAN SUPPORT, OBTAINED A REFERENCE IN THE DANISH PRESIDENCY'S CONCLUDING PAPER ON THE ECONOMIC AND SOCIAL SITUATION (REF B) TO THE NEED FOR REDUCING REGIONAL IMBALANCES IN THE COMMUNITY. HE SAID HE ALSO PROPOSED TO HIS COLLEAGUES THAT THE COUNCIL OF MINISTERS ESTABLISH GUIDELINES FOR EC REGIONAL POLICY. HE ADDED THAT FOREIGN MINISTER O'KENNEDY WOULD PURSUE THIS MATTER.

28. LUXEMBOURG: PRIME MINISTER THORN DECLINED ALL COMMENT ON THE EUROPEAN COUNCIL'S ECONOMIC AND MONETARY DISCUSSIONS WHEN HE WAS CORNERED BY THE PRESS UPON ARRIVAL AT HIS HOTEL. POINTING AT SCHMIDT, WHO WAS STALKING THROUGH THE LOBBY WITH HIS ENTOURAGE, THORN SAID, "ASK HIM".
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